

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1988, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name NORTHEAST INGHAM EMERGENCY SERVICES AUTHORITY	County INGHAM
Fiscal Year End DECEMBER 31, 2005	Opinion Date JULY 3, 2006	Date Audit Report Submitted to State JULY 10, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

☒ ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) DAVID E. HADDRILL, PC		Telephone Number (517) 484-4200	
Street Address 834 N. CAPITOL AVENUE		City LANSING	State MI
		Zip 48906-5114	
Authorizing CPA Signature <i>David E. Haddrill, CPA</i>		Printed Name DAVID E. HADDRILL, CPA	License Number 8099

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David E. Haddrill, P.C.
Certified Public Accountant

834 N. Capitol Avenue, Lansing, MI 48906-5114
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July 3, 2006

Board Members
Northeast Ingham Emergency Service Authority

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ingham Emergency Service Authority as of and for the year ended December 31, 2005, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility Northeast Ingham Emergency Service Authority's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ingham Emergency Service Authority as of December 31, 2005, and the respective changes in financial position thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Ingham Emergency Service Authority basic financial statements. The statements of revenues, expenditures and changes in fund balance, and the General Fund Schedule of Revenues and Schedule of Appropriations and Expenditures are presented for purposes of additional analysis and are not a required part of the basic financial statements. These statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

David E. Haddrill, P.C.

Certified Public Accountant

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

As the Board of Northeast Ingham Emergency Service Authority, we offer readers of the authority's financial statements this narrative overview and analysis of the financial activities of Northeast Ingham Emergency Service Authority for the fiscal year December 31, 2005.

Financial Highlights

The assets of Northeast Ingham Emergency Service Authority exceeded its liabilities at December 31, 2005 by \$1,581,484 (net assets). Of this amount, \$288,975 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, Northeast Ingham Emergency Service Authority's governmental fund reported an ending fund balance of \$288,975, a decrease of \$203,501 in comparison with the prior year. The total amount, \$288,975, is available for spending at the authority's discretion (unreserved fund balance).

At the end of the current fiscal year, unreserved fund balance for the general fund was \$288,975, or 27 percent of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Northeast Ingham Emergency Service Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information, in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all the Authority's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Authority's financial position is improving or deteriorating.

The statement of activities presents information showing how of the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements report the functions of the Authority, which are principally supported by taxes and service fees (governmental activities). The governmental activity of the Authority is public safety.

The government-wide financial statements can be found on pages 6 and 7 of this report

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Northeast Ingham Emergency Service Authority, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund of the authority is a governmental fund.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the governmental fund financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation of a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Northeast Ingham Emergency Service Authority maintains one individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund.

The Authority adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund to demonstrate compliance with this budget.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10-13 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Northeast Ingham Emergency Service Authority, assets exceeded liabilities by \$1,581,484 at the close of the most recent fiscal year.

A significant portion of the Authority's net assets (82 percent) reflects its investment in capital assets (e.g., land, building, and equipment). The Authority used these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

AUTHORITY'S NET ASSETS

	<u>Total</u>
Current and other assets	\$ 375 776
Capital assets	<u>1 559 611</u>
Total assets	<u>1 935 387</u>
Current liabilities	86 801
Long-term debt outstanding	<u>267 102</u>
Total liabilities	<u>353 903</u>
Net Assets	
Invested in capital assets	1 292 509
Unrestricted	<u>288 975</u>
Total net assets	<u>\$ 1 581 484</u>

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Of the Authority's net assets, \$288,975 may be used to meet the Authority's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its governmental activities.

The Authority's net assets increased by \$72,035 during the current fiscal year as discussed below.

Governmental Activities. Governmental activities increased the Authority's net assets by \$72,035.

Except for capital outlays, increases in expenses closely paralleled inflation and growth in the demand for services.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental fund. The focus of the authority's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unreserved fund balances may serve as a useful measure of an Authority's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Authority's governmental fund reported an ending fund balance of \$288,975, a decrease of \$203,501 in comparison with the prior year. All of this amount constitutes unreserved fund balance, which is available for spending at the Authority's discretion.

The general fund is the operating fund of the Authority. At the end of the current fiscal year, unreserved fund balance of the general fund and the total fund balance was \$288,975. Unreserved fund balance represents 27 percent of the total general fund expenditures.

The fund balance of the Authority's general fund decreased by \$203,501 during the current fiscal year.

General Fund Budgetary Highlights

There was an increase from the original total budget to the final amended total budget of \$285,100. \$250,600 of this was for the acquisition of land, \$25,000 for the purchase of a fire department vehicle and \$9,500 for building repairs.

Capital Asset and Debt Administration

Capital Assets. The authority's investment in capital assets for its governmental activities as of December 31, 2005, amounts to \$1,292,509 (net of accumulated depreciation). This investment in capital assets includes: land, building and equipment. The total increase in the Authority's investment in capital assets for the current fiscal year was 27 percent. Details of the Authority's capital assets are continued in the notes to the financial statements on page 12.

Long-Term Debt. At the end of the current fiscal year, the Authority had installment debt outstanding of \$267,102. The debt is secured by the vehicle purchased. Additional information on the Authority's long-term debt can be found in the notes on page 13.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Economic Factors and Next Year's Budget and Rates

The Authority's millage rate was reduced again by the Headlee Amendment rollback. This factor was considered in preparing the Authority's budget for the 2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund decreased to \$288,975. The Authority has presented a budget in the 2006 fiscal year that appropriates \$41,736 of the General Fund unreserved fund balance.

Request for Information

This financial report is designed to provide a general overview of Northeast Ingham Emergency Service Authority's finances for all those with an interest in the authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Northeast Ingham Emergency Service Authority at (517) 655-1383.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF NET ASSETS

DECEMBER 31, 2005

Governmental
activities

ASSETS

Cash	\$ 258 033
Certificate of deposit	62 133
Accrued interest receivable	1 506
Accounts receivable	48 806
Prepaid expenses	5 298
Capital assets - net	<u>1 559 611</u>
Total assets	<u>1 935 387</u>

LIABILITIES

Accounts payable	58 519
Accrued payroll	28 282
Installment loan	<u>267 102</u>
Total liabilities	<u>353 903</u>

NET ASSETS

Invested in capital assets	1 292 509
Unrestricted	<u>288 975</u>
Total net assets	<u>\$ 1 581 484</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2005

Functions/Programs	<u>Expenses</u>	<u>Charges for services</u>	<u>Net expense (revenue)</u>
Primary government			
Public safety	\$ 775 369	\$ 228 143	\$ 547 226
Interest on installment loan	<u>16 726</u>		<u>16 726</u>
Total governmental activities	<u>\$ 792 095</u>	<u>\$ 228 143</u>	<u>563 952</u>
General revenues			
Property taxes			623 667
Other			1 034
Interest income			<u>11 286</u>
Total general revenues			<u>635 987</u>
Change in net assets			72 035
Net assets, at beginning of year			<u>1 509 449</u>
Net assets, at end of year			<u>\$ 1 581 484</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

BALANCE SHEET - GOVERNMENTAL FUND

DECEMBER 31, 2005

	<u>General Fund</u>
<u>ASSETS</u>	
Cash	\$ 258 033
Certificate of deposit	62 133
Accrued interest receivable	1 506
Accounts receivable	48 806
Prepaid expenses	<u>5 298</u>
Total assets	<u>375 776</u>
<u>LIABILITIES</u>	
Accounts payable	58 519
Accrued payroll	<u>28 282</u>
Total liabilities	<u>86 801</u>
<u>FUND BALANCE</u>	
Unreserved	
Undesignated	247 239
Designated for subsequent years expenditures	<u>41 736</u>
Total fund balance	288 975

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets of \$2,349,270, net of accumulated depreciation of \$789,659 are not financial resources and are not reported in the funds	1 559 611
Installment debt is not due and payable in the current period and is not reported in the funds	<u>(267 102)</u>
Net assets of governmental activities	<u>\$1 581 484</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND

YEAR ENDED DECEMBER 31, 2005

	General Fund
REVENUES	
Taxes	\$ 623 667
Charges for services	228 143
Other	1 034
Interest	<u>11 286</u>
Total revenues	<u>864 130</u>
EXPENDITURES	
Public safety	1 014 180
Debt service	<u>53 451</u>
Total expenditures	<u>1 067 631</u>
Excess(deficiency) of revenues over expenditures	(203 501)
FUND BALANCE, at beginning of year	<u>492 476</u>
FUND BALANCE, at end of year	<u>\$ 288 975</u>
Excess(deficiency) of revenues over expenditures	\$ (203 501)
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. Current period capital outlays of \$357,061 exceeded depreciation expense of \$118,250.	238 811
Repayment of installment loan principal is an expenditure in the governmental funds but not in the statement of activities (where it reduces installment loan debt).	<u>36 725</u>
Change in net assets of governmental activities	<u>\$ 72 035</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northeast Ingham Emergency Service Authority was formed on July 1, 1998, by the City of Williamston, the Townships of Williamstown, Wheatfield, Locke and Leroy, and the Village of Webberville. Becoming operational on January 1, 1999, the Authority provides fire, ambulance, and related emergency services in the area encompassed by the incorporating units of government. It has the power to acquire and own property, enter into contracts, and, with voter approval, levy property taxes. Each incorporating municipality has one voting member on the governing board of the Authority.

The initial assets and liabilities of the Authority were those transferred from the Williamston Community Fire Board, which dissolved on December 31, 1998. The members of the Fire Board were the City of Williamston, Township of Williamstown and Township of Wheatfield.

The accounting policies of the Northeast Ingham Emergency Service Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Reporting Entity

The accompanying financial statements present the authority with no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the authority.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements of Northeast Ingham Emergency Service Authority are prepared in accordance with generally accepted accounting principles (GAAP). The Authority's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Northeast Ingham Emergency Service Authority property tax is levied on December 1 on the taxable valuation of property (as defined by State statutes) located in Northeast Ingham Emergency Service Authority's service area as of the preceding December 31. It is Northeast Ingham Emergency Service Authority's policy to recognize revenue from the current tax levy in the succeeding year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (90 days).

The Government reports the following major governmental fund:

The General Fund is the government's only operating fund. It accounts for all financial resources of the general government.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board.

Amounts reported as program revenue include charges to customers or applicants for goods, services or privileges provided. General revenue includes all taxes.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments.

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the proceeding December 31. Taxes are considered delinquent on February 14 of the following year and are turned over to Ingham County for collection after February 28.

Capital Assets - Capital assets, which include property and equipment are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Building	20 years
Vehicles	20 years
Equipment	10 years
Computer equipment	5 years

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. All annual appropriations lapse at fiscal year end. By state law, expenditures may not exceed budgeted amounts and a fund deficit may not be budgeted.

The budget document presents information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level. All budget amendments are approved by the Authority Board.

(3) CASH DEPOSITS

All of the Authority's funds are received by the Authority Treasurer and deposited with institutions approved by the Authority Board. At December 31, 2005, the Authority had \$320,166 on deposit at two local banks of which \$162,310 was covered by FDIC insurance.

(4) CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	Balance January 1, 2005	Increases	Decreases	Balance December 31, 2005
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 110 253	\$ 250 602	\$ _____	\$ 360 855
Capital assets being depreciated				
Buildings	108 500	14 051		122 551
Equipment	1 773 456	92 408		1 865 864
Subtotal	1 881 956	106 459		1 988 415
Less accumulated depreciation for				
Buildings	18 988	5 776		24 764
Equipment	652 421	112 474		764 895
Subtotal	671 409	118 250		789 659
Net capital assets being depreciated	1 210 547	(11 791)		1 198 756
Governmental activities capital total				
Capital assets - net of depreciation	\$1 320 800	\$ 238 811	\$ _____	\$1 559 611

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities - General government \$ 118 250

(5) LONG-TERM DEBT

At year end the Authority had an outstanding installment debt of \$267,102. Annual payments are \$53,451 including interest at 5.49 percent through 2011. The debt is secured by the vehicle. Annual debt service requirements to maturity (to be paid by the General Fund) are as follows:

<u>Year ended December 31,</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 38 787	\$ 14 664
2007	40 917	12 534
2008	43 163	10 288
2009	45 533	7 919
2010	48 033	5 419
2011	<u>50 669</u>	<u>2 782</u>
	<u>\$ 267 102</u>	<u>\$ 53 606</u>

(6) RISK MANAGEMENT

Northeast Ingham Emergency Service Authority is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries (workers' compensation). Northeast Ingham Emergency Service Authority has purchased commercial insurance for property, liability, wrongful acts, crime inland marine and other risks of loss including workers' compensation and accident insurance. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2005

	Original and final budget	Actual
REVENUES	\$ 830 303	\$ 864 130
EXPENDITURES		
Public safety	1 102 314	1 014 180
Debt service	54 000	53 451
Total expenditures	1 156 314	1 067 631
Excess(deficiency) of revenues over expenditures	(326 011)	(203 501)
FUND BALANCE, at beginning of year	492 476	492 476
FUND BALANCE, at end of year	\$ 166 465	\$ 288 975

See accompanying notes to financial statements.

ADDITIONAL INFORMATION

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF REVENUES

YEAR ENDED DECEMBER 31, 2005

	<u>Original and final budget</u>	<u>Actual</u>
REVENUES		
Taxes - operating	\$ 618 803	\$ 623 667
Charges for services	210 000	228 143
Other		1 034
Interest income	<u>1 500</u>	<u>11 286</u>
Total revenues	<u>\$ 830 303</u>	<u>\$ 864 130</u>

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2005

	Original and final budget	Actual
EXPENDITURES		
Administrative		
Office Manager	\$ 34 000	\$ 34 012
Biller	9 221	7 917
Payroll taxes	3 843	3 676
Fringe benefits	5 404	4 173
Office supplies	3 850	3 488
Postage	2 200	1 877
Audit and accounting	4 000	3 900
Legal	8 500	5 940
Insurance	68 000	61 800
Community promotions	500	
Training	850	1 123
Printing and publishing	500	373
Repair and maintenance	1 750	2 136
Miscellaneous	500	1 228
Capital outlay	<u>6 000</u>	<u>2 300</u>
Total administrative	<u>149 118</u>	<u>133 943</u>
Building and grounds		
Snow removal	4 000	5 024
Utilities	16 000	14 293
Repair and maintenance	18 700	9 208
Miscellaneous	1 100	415
Capital outlay	<u>254 600</u>	<u>264 654</u>
Total building and grounds	<u>294 400</u>	<u>293 594</u>

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2005

	Original and final budget	Actual
Communication		
Cellular phones	\$ 2 180	\$ 2 423
Cable/internet	860	818
Telephone	3 700	3 427
Maintenance and repair	3 000	1 663
Capital outlay	<u>10 000</u>	<u>8 400</u>
Total communication	<u>19 740</u>	<u>16 731</u>
Fire		
Chiefs and assistants	23 700	23 350
Personnel	47 600	47 103
Payroll taxes	6 244	5 290
Supplies	5 800	2 648
Uniforms	1 500	1 099
Gas and oil	3 500	4 662
Licenses and fees	450	385
Intergovernmental service fees	10 503	10 454
Training	14 300	11 443
Health exams	4 500	571
Community promotion	2 100	1 855
Equipment repair and maintenance	34 000	31 384
Miscellaneous	1 400	
Capital outlay	<u>115 000</u>	<u>70 451</u>
Total fire	<u>270 597</u>	<u>210 695</u>
Ambulance		
EMS Director	51 050	51 050
Personnel	225 456	223 524
Payroll taxes	21 153	21 251
Fringe benefits	33 000	25 807
Oxygen	1 200	992
Gas and oil	4 200	5 882
Laundry	500	625
Uniforms	4 000	1 507

See accompanying notes to financial statements.

NORTHEAST INGHAM EMERGENCY SERVICE AUTHORITY

GENERAL FUND

SCHEDULE OF APPROPRIATIONS AND EXPENDITURES

YEAR ENDED DECEMBER 31, 2005

	Original and final budget	Actual
Ambulance (continued)		
Supplies	\$ 7 000	\$ 6 356
License and fees	650	1 817
Training	5 000	791
Health	1 500	
Community promotion	500	
Equipment repair and maintenance	9 250	8 359
Capital outlay	4 000	11 256
Total ambulance	<u>368 459</u>	<u>359 217</u>
Debt service		
Principal	37 000	36 725
Interest	17 000	16 726
Total debt service	<u>54 000</u>	<u>53 451</u>
Total expenditures	<u>\$1 156 314</u>	<u>\$1 067 631</u>

See accompanying notes to financial statements.

David E. Haddrill, P.C.
Certified Public Accountant

834 N. Capitol Avenue, Lansing, MI 48906-5114
517/484-4200 Fax: 517/484-4262

July 3, 2006

Board Members
Northeast Ingham Emergency Service Authority
Williamston, Michigan

We have completed our examination of the financial statements of the Northeast Ingham Emergency Service Authority for the year ended December 31, 2005. During our examination, we reviewed certain accounting, business and other procedures as part of our evaluation of the system of internal controls. Our examination would not necessarily disclose all areas where improvements could be made. Accordingly, we submit the following for your consideration.

PRIOR RECOMMENDATIONS

The Authority's collection of ambulance billings is much improved over previous years. However, practically no billable fire runs have been collected in the past two years. We urge increased efforts to timely bill and pursue collection for fire runs that are billable.

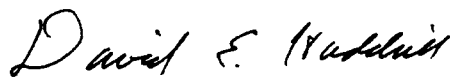
OLD OUTSTANDING CHECKS

As of December 31, 2005, nearly \$4,000 of general and payroll checks were over 60 days old and still outstanding. Efforts should be made to follow-up on these checks and determine whether they should be voided, replaced or escheated to the State.

We would like to thank all personnel for their assistance during our audit. If we can be of service regarding discussion or implementation of the above, we would be pleased to assist you.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization.

Sincerely,



David E. Haddrill
Certified Public Accountant